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USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC
SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: (A) HOVIONE PHARMASCIENCE LTD (B) AUTODIESEL TRADING

REF: A) USDOC 09956 B) D386654

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted pre-license checks at Hovione Pharmascience Ltd., Estrada Coronel Nicolau de Mesquita, Taipa, Macau (Hovione) and Autodiesel Trading Corporation, Room 101, L/F, Suit Way Industrial Centre, 29-33 Wing Hong St., Kowloon, Hong Kong (Autodiesel). The purpose of the visits was to determine the suitability of Hovione to be an end-user and of Autodiesel to be an intermediate consignee of an air operated diaphragm positive displacement pump. The pump is the subject of export license application D386654 and is classified under Export Control Classification Number (ECCN) 2B350. It is valued at USD \$6,950 and is controlled for chemical and biological weapons reasons (CB). The license applicant is Wilden Pump and Engineering Co., of Grand Terrace, California.

¶3. Background research reveals that Hovione is a Portuguese-owned chemical company that produces active pharmaceutical ingredients (APIs) used in the production of pharmaceuticals worldwide. The parent company has plants and operations in the United States, Portugal and Macau (more information at www.hovione.com).

¶4. Background research reveals that Autodiesel Trading Corporation is a Hong Kong registered company in existence since 1956. Autodiesel Trading Corporation is, since 1996, a branch office of Autodiesel Engineering International Ltd., also located at the address noted above. Its owner is Mr. Chang, Chung Chien, a Hong Kong resident.

¶5. On November 28, 2007, ECO visited Hovione at the address noted above and met with Daniel Mok, Head of Industrial Engineering and Mr. David Martins, Head of Purchasing and Export Department. They provided background on the company consistent with information on the company's web site. They noted that their customers are large pharmaceutical companies that use Hovione APIs to produce pharmaceuticals as well as small biotech companies. They ship their products to the United States, Europe and Japan. Hovione is purchasing the pump in question to replace an existing Wilden pump also purchased from Autodiesel. They require a new pump as their existing pump is not able to handle current pressure levels in their facility and consequently leaks during some production cycles. Autodiesel recommended this pump to Hovione. Mr. Mok and Martins took the ECO to the production site and showed him the existing pump where the new pump will be installed. All appears as Messrs. Mok and Martins describe.

¶6. On December 7, 2007, ECO met with Mr. Chang, the owner and

General Manager of Autodiesel. Mr. Chang provided background on the company and on the transaction in question. Autodiesel is a small trading company that has been in existence for many years. It is a distributor of diesel engines and pumps. It is a longstanding distributor for Wilden Pumps and Briggs and Stratton engines. Mr. Chang is familiar with Hovione as it is a longstanding customer. He noted that the pumps will be sent through Hong Kong to Macau. He also provided ECO with copies of all correspondence relating to the purchase including end-use certification and purchase order. Mr. Chang was not familiar with Hong Kong trade controls covering the items though he seemed familiar with U.S. export controls (having gone through this process before). ECO separately provided a link to U.S. reexport controls guidance and to the Hong Kong Trade and Industry Department's strategic controls division.

Cunningham